

# **BB 141**

## **Informational Presentation**

**Budget & Public Employees Committee**

**November 8, 2023**



# Timeline

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- **May 8, 2023** - Senate Bill 190 passes MO General Assembly
- **July 6, 2023** - Governor Parson signs Senate Bill 190 into law
- **July 10, 2023** - City Assessor, Mayor's Office, Budget Division meet to discuss concerns and possible approaches
- **Mid-July to Mid-Sept., 2023** - City Assessor, City Collector, Mayor's Office, BOA stakeholders collaborate, monitor SB 190 developments across state, engage community stakeholders
- **Sept. 14, 2023** - Initial draft shared w/various City and BOA stakeholders for group discussion and feedback
- **Oct. 20, 2023** - BB 141 formally introduced at Board of Aldermen



# What Does BB 141 Do?

- **Implements and Builds Out SB 190**

- SB 190 authorizes the City to grant a property tax credit in order to hold seniors' property tax rates constant, via one of two ways:
  - The City can pass an ordinance authorizing the issuance of this tax credit and building out the administrative framework; or
  - Signatures can be gathered to put the general question of whether the City should provide this credit on a ballot.
- BB 141 authorizes the City to create and administer a property tax credit to eligible senior citizens, for the purpose of freezing the City's portion of their property taxes at a constant level beginning in 2024.
- SB 190 did not define some key terms that BB 141 defines pursuant to state legislative intent
  - E.g. "Eligible for Social Security Retirement Benefits," and when a primary residence is considered "actually occupied."



# What Does BB 141 Do?

- **Defines Eligibility to Comport With State Legislative Intent**
  - The legislature clearly intended for SB 190 to provide relief for seniors who are eligible for Social Security retirement benefits.
  - BB 141 eligibility: seniors residing in the City aged 62 or older who have earned at least forty Social Security credits, or their spouse, who also:
    - Are the owner of a homestead valued at \$500,000 or less,
    - Have a legal or equitable interest in that property,
    - Use the property as a primary residence, and
    - Are liable for taxes on the property.



# What Does BB 141 Do?

- **Protects Local Taxing Authorities**

- BB 141 explicitly provides that the monetary impact of these credits will accrue solely to the City of St. Louis.
- BB 141 further provides that no credits will reduce the amount of revenue the City distributes to its local taxing authorities.
- Local taxing authorities include, but are not limited to:
  - The public schools, the community college, the library, the zoo or museum, the Developmental Disability Resource Board, the Community Mental Health Fund, the Community Children's Services Fund, and the Senior Citizens Services Fund.



# Why Implement BB 141?

- **Support Seniors**
  - Allows the City to provide our senior citizens, many of whom are on fixed incomes, to age in place in their homes by providing them with a financial tool to help hold their city property taxes constant.
- **Mitigate Housing and Eviction Issues**
  - This much-needed financial relief will also help to alleviate the rise in other financial burdens our City's seniors are navigating, such as rising healthcare and food costs.
- **Allows City to Implement Relief in 2024**
  - By passing this year, the City will be positioned to begin to offer relief in 2024.
- **Allows City to Establish Clear Program Guidelines**
  - SB 190 did not provide guidelines on how to implement this program.
  - BB 141 steps into that role to ensure the City has upfront clarity, which is intended to allow the City to implement this program more efficiently.



# Section-by-Section Overview

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- **Section One: Purpose of the Bill**
- **Section Two: Definitions**
  - “Actually occupied”
  - “Investment or commercial purposes”
  - “Eligible credit amount”
  - “Eligible for Social Security retirement benefits”
  - “Eligible taxpayer”
  - “Homestead”
  - “Primary residence”



# Section-by-Section Overview

- **Section Three: How City Will Implement/Administer This Credit**
  - Eligible to apply for credit beginning in 2024
  - One credit per eligible taxpayer and per household per year
  - No carry-forward
  - Eligible taxpayer applies to City Assessor's office by June 30 each year, submitting documentation demonstrating the following:
    - Eligible taxpayer
    - Proof of age
    - Eligible homestead
    - Homestead is primary residence
  - Only one primary residence per eligible taxpayer





# Section-by-Section Overview

- **Section Four: What Is an Eligible Homestead**
  - Appraised market value (per most recent City assessment) of \$500,000
  - Amount adjusted annually by CPI, as determined by MO Tax Commission
  - Not eligible if currently benefiting from tax abatement or tax increment financing.
- **Section Five: Compliance with Certain State Taxation Laws and Constitutional Provisions**
  - New construction
- **Section Six: Protecting Local Taxing Authorities**
  - Impact of any credits issued only accrues to City



# Who Administers What?

- **Assessor's Office**

- Receives applications for credit, makes determinations of eligibility, notifies applicants if their application is approved.
  - Individuals must apply on or before June 30 each year.

- **Collector's Office**

- Issues property tax bills reflecting the application of the credit, if the Assessor's office determines the application for the credit is approved.



# Anticipated Budget Impact

- **Per Analysis from Assessor's Office**

- Census data allows for an estimate of approx. 6,600 eligible property-owning seniors
- 2023 reassessment data allows for an estimate of 97% of potential credits issued under \$100
- Using estimated tax credit amount of \$50-\$75 results in a projected impact range to the City of approx. \$331,200 - \$496,800
- Mailing costs are likely to be needed, potentially in the amount of up to \$75,000, however the Collector's office has indicated they can likely absorb some of this in their existing mailing costs.
  - Estimate is this would involve printing and mailing 135,000 notices.
- Possible the Assessor's office may need to hire an additional staffer to implement, depending upon demand.



# Big Picture

- **One Way to Address Larger Issue**
  - State only authorizes this for property owners
  - Strong need for state to reform and expand eligibility and benefit amount of the “Circuit Breaker” tax credit, which also benefits renters
- **City is Also Implementing Other Housing Initiatives**
  - Affordable Housing Commission - \$7.2M budget (increased for FY23)
  - Community Development Administration programs
    - 2,664 units representing over \$80M in City subsidy and \$600M in affordable housing development
  - ARPA investments in housing stabilization efforts - more than \$108.6M
  - Rental/Utility assistance - \$12.4M



# QUESTIONS?

